Choosing a Donor Management System?

8 steps to help you make the right decision

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Table of Contents

Selecting a donor management system is a critical decision for any organization. It is the first stage in getting serious about data management. **And good donor data is the foundation of every successful fundraising department!**

Beginning your journey to better data management can be a daunting task.

Are you selecting your organization's first data management system? Or are you upgrading from the tool you are currently using? Either way, there is a lot to consider.

There are so many systems to choose from. And there are so many different vendors, each offering a countless variety of different features.

This White Paper will outline the **three stages of the journey to better donor data management:** 1. Selection, 2. Implementation and 3. Ongoing Data Management and will act as a guide to help you with the **8-step process to select the best donor management system for your organization.**

Terminology

Before we begin, let's talk about terminology.

We are using the term DMS or "donor management system" to describe the software or application that helps organizations to consolidate and leverage their donor data. That includes donor names and contact information, as well as donation history: how much they have given, what did they support, what types of communication your organization has had with the donors, and much more.

There is a more generic term that you may also hear: CRMs or "Customer Relationship Management" tools. These were primarily developed for managing sales pipelines or marketing processes.

We prefer to use the term DMS or donor management system to reflect those tools or solutions that focus on donor data. DMS tools support the unique needs of fundraising, including industry-standard fields, recommended configuration and specialized reports that are commonly used in fundraising.

Three Stages To Better Donor Data Management

Stage 1: Selection

The first stage to better donor data management starts with selecting the appropriate donor management system for your organization.

This stage consists of a 8-step process to selecting the best donor management system (DMS) for your organization. It is designed to help you to understand and prioritize your unique needs as an organization.

With so many systems on the market, it is important to be clear about your non-negotiable needs, so you do not get distracted by the variety of features on offer. While you may already have a general idea of your needs, it is worth using a 3 point scale of 'must have'; 'nice to have' and 'neutral' when evaluating product features to stay focused when making your decision.

1 Assess your budget constraints

- How much your organization can afford to spend on a new donor management system will likely be close to the top of the list of non-negotiables when it comes to choosing your new tool. When setting your budget, while it is important to stay focused on your 'must haves,' consider if a new system contains features that will streamline your existing systems. Your new solution may have donation forms or email marketing functions built in which you could use instead of existing third-party platforms. Once your budget is determined, it will inevitably narrow the list of options.

- It is important to understand how the tools you are considering charge for their products, services, and support. Some donor management systems charge a set fee per user while others charge per number of contacts. Others have tiered pricing that reflects the type of features you have access to.

- In addition to the fee for the product, there may be additional required fees for implementation or support. And if you are looking for a system that integrates online donations processing, be sure to understand if there are transaction fees and build all these fees into your overall yearly DMS budget.

Tip: When speaking with vendors, be sure to ask for a breakdown of all fees so you do not end up wasting time on a product you cannot realistically afford. Implementing a new DMS is often more expensive than the upfront costs may initially appear.

- Finally, investing in a DMS is just that: an investment. While it is important to budget for a system you can realistically afford, be wary of products that are advertised as very low-cost or free. Often so-called 'free' products may require extensive outside help to be configured properly or they are extremely limited in access to available features, requiring you to upgrade to a paid version soon after you begin using.

2 Determine the functionality you need for fundraising

There are countless products on the market that can be considered data management systems. Many of these non-fundraising CRMs, or Constituent Relationship Management tools were developed for customer pipelines or marketing processes.

While some CRMs may be used in place of a donor management system, a system specifically designed for fundraising will likely be much better suited for your organization due to the unique nature and needs of your fundraising program compared to sales or marketing.

Functionality considerations:

Donor Management:

- When evaluating your options, any system you are considering must have basic donor management functions such as the ability to record contact details, fields to record donor giving history, clear reports to help you evaluate your fundraising progress and the ability to issue Canada Revenue Agency compliant tax receipts.

- In addition to the basic functions listed above, your organization may have unique needs that should be considered when evaluating DMS products. If you have a monthly giving program, ensure the system is designed to record recurring gifts. If you are embarking upon a capital campaign, the ability to track pledges may be significant for your organization. And if you need the ability to track the differences between types of contributions beyond donations, like gifts-in-kind, merchandise sales, registration fees or ticket sales, be sure your new product offers a way to distinguish these different forms of revenue.

- It is also important to consider how you can ensure the goals of your fundraising plan can be integrated into your DMS. For instance, can donation fields be configured in a way that makes it easy to identify what fund donations should be applied towards or what campaigns or appeals resulted in the contribution? And how well does the system support data analysis for your fundraising efforts?

Reporting:

- Reports and queries are often one of the most significant reasons why groups wish to adopt a new system. Being able to improve your fundraising program relies on insights about your current performance, and without effective reports, this can be quite challenging.

- When evaluating tools based on their analytic capabilities, recognize if you need a simple search function or if you require the ability to build complex segments and queries. Assess if you have custom reporting needs or specific reports you have been asked to present to your leadership team and ensure the new system can deliver the reports you need.

Tax Receipts:

- The ability to issue Canada Revenue Agency compliant tax receipts is generally a firm requirement when evaluating new tools if you're a Canadian charity. When shopping for your new system, make sure this is a question you ask prospective vendors and when you have narrowed down your list of possible products, request a product demo to ensure the receipt function will meet your needs.

- With regards to tax receipting, consider the ease of issuing tax receipts. Is it an automatic process or will you have to configure each individual receipt? Also consider if receipts can be issued to donors by email or if they must be printed and mailed. Finally, ensure all receipt numbers are tracked and accessible in the DMS to facilitate your tax return reporting each year.

Additional Features:

- As you evaluate which DMS is right for your organization, you will likely be presented with many additional features (some of which you may have never even considered!). To ensure you choose the right DMS for your organization, consider whether there are additional modules your organization could really benefit from.

- Some common additional DMS features include communications tools, payment processing, donation forms, event management, book-keeping software integration, grant tracking and moves-management (tracking your interactions with donors and prospective donors such as cultivation, solicitation and stewardship).

- If you are keen to streamline your communications processes and communicate with donors directly through your DMS, ensure these interactions will be recorded in the system to get the most out of this feature. It is also worth considering how the systems you are evaluating will interact with any existing software you may already be using.

- Your DMS should be capable of facilitating and tracking all activities and interactions with your constituents. Where they can differ in how much you can customize the information you put in and how much detail the product can manage, but also how much effort you and your team will need to put in to ensure the product is successful.

3 Make sure your team is ready

- When selecting your new DMS, consider your team's comfort level with using new technology. An intuitive interface will help less tech-savvy users understand what they are seeing and doing, and how all the elements fit together. This leads to increased usage and better results. You should also consider if the system you are choosing has training modules or courses to help team members learn on the job.

- It is best practice for ownership of the DMS to be assigned to a single individual, preferably one who interacts with it on a regular basis and uses it to perform the functions of their job. While you will absolutely want other members of your organization to use the system, ideally the database manager will be responsible for ensuring the DMS remains up to date, clean and relevant.

- It is important that this individual have sufficient understanding and knowledge of the concept of databases, the particular tool selected and what you're trying to accomplish with your fundraising program to ensure that it is being used in a strategic and consistent manner.

- Beyond the database manager, consider who else will be using the system. If you have many additional team members, you may require a system that has user-defined roles or varying levels of access to different functions of the DMS. For example, you may wish to have an access level for a user who cannot modify records, only view them.

4 Invest Time

- When evaluating whether a new DMS is right for your organization, you should also understand how much time it will take to ensure the success of the product. For example, how much time will data entry take? Will it be done manually or is there an automatic import tool or integration? If you are looking to save time, with more donations coming in online, it is worth considering a system with an online giving integration.

- The investment of time it will take to configure your database, train your team and manage daily tasks should not be overlooked. Moving to a new system is a large undertaking and you should be realistic about the time it will take.

- Some sophisticated systems may require an outside contractor to configure so be sure to assess how much time it will take to configure the system in advance before it is ready to use. It is also worth considering if this is a place where you wish to save time for your existing team members and bring in an expert or consultant to implement the new system and train your team.

- You should also understand how much time is going to be needed to train your team. It often takes a few months before new users can confidently use a new system to its full potential.

- Finally, while the choice of a new system is being made now, it is also critical to have a view to the next 3-5 years. Choosing a tool that will serve you well for a longer period of time will be worth the investment.

5 Maintain your data

- In our sector, it is a sad reality that data is often the most neglected element of fundraising, but arguably the most important. When choosing a new DMS, it is important to understand how much effort is required for your new system to ensure you can maintain good data.

- When evaluating new tools, determine if the system you are considering has data validation rules or required fields to help ensure the data you put in will be corrected if you mistakenly enter a misspelled location or donation code.

- Before making your selection, get a good idea of how easy it is to correct data if it has been mistakenly entered and if there is an ability to do mass updates to existing data if needed. You will also want to explore the functionality of de-duplication tools to ensure the integrity of your donor data will be maintained long-term.

- Finally, if you are bringing in historic data, how will it be cleansed ahead of time? You do not want to move in bad data into your new system. Having data that is accurate and coded in such a way to offer you the kind of analysis you need is an important piece of your data import process. Importing data that offers no useful information is not helpful.

6 Understand the technical requirements

- Understanding the technical requirements of your new system ensures you are choosing a system you can realistically maintain. It is important to understand how the product can be accessed (whether it is cloud-based or if it requires its own server). Furthermore, how often is the product being updated and do these updates happen automatically or must they be downloaded by a member of your team?

- In addition to these basic requirements, consider the integrations you may need to ensure you have a fully functioning system, such as an integration with your website, online giving software, email marketing software or accounting platform. If so, be sure you understand the implications of these integrations and if your organization has the capacity to use them. While integrations can save time, sometimes they only operate on a one-way basis, leaving you confused when you find your systems are not syncing appropriately.

7 Evaluate customer support

- When evaluating products, understand if there is an onboarding support package and what does it include? For example, does it include historic data migration?

- Ongoing support from your product vendor is also important, particularly as your usage intensifies and needs become more complex. Vendors offer different levels of support ranging from phone to email to online chat, at varying price levels. Support agreements generally also include free or discounted access to software upgrades and may have other perks as well.

- If you think you may require additional support with ongoing usage, consider if the product has an online user community or a list of consultants who specialize in the tool that you can engage if necessary.

8 Conduct demonstrations of the product

- Once you have considered the above to narrow down your list of choices, contact potential vendors for demos. Before your demos, be sure you have your list of 'must haves' in front of you to carefully assess each product.

- During the demos, you may wish to have all team members who will be using the system present as certain questions may arise based on each team members' unique needs. Throughout the demo, ask to see specific features that are most significant, such as reports, search queries and tax receipts.

- Once you have finished each demo, be sure to ask for customer references and follow-up to see how happy current users are with the products you are considering.

- Finally, do not be afraid to ask for a second demo! Be sure you are clear with the product features and additional requirements before you sign a contract.

You are now ready to evaluate your options based on your non-negotiable needs and select a donor management system. Now, you're onto Stage 2 – Implementation.

Stage 2: Implementation

Once you have selected the tool that is right for your organization, your journey to better data management has only just begun!

Implementing a new DMS is a big task that may take months depending on your organization's unique needs and the current state of your data. It is best to implement a new system when your organization is not at its busiest. Often that means after the holiday giving period or perhaps in the summer when your organization may experience a bit of downtime.

While you can do many of the tasks required yourself, most DMS vendors offer support and training options during this phase to ensure that you are set up quickly and correctly.

When implementing a new system, you want to consider how to best configure your new system so you can pull meaningful data from it. You also need to ensure your contact and contribution details are organized ahead of time.

The journey you are about to now embark upon will look something like this:

1. Develop a structure for your data

2. Clean up your historic data for accuracy and consistency

3. Map your historic data to the new structure

4. Import your historic data into the new DMS

5. Review your results by running reports and searches in the DMS

You will also want to set up any necessary integrations with your existing software products, such as MailChimp or QuickBooks.

Stage 3: Ongoing Data Management

When you reach this step you will now have a new DMS. Congratulations! Now comes the test: how will you preserve the integrity of your data on a regular basis?

If you followed the above considerations for choosing a donor database, you should have a good understanding of the functions of the system. Now is the time to consider what types of processes to implement to ensure you practice good data hygiene.
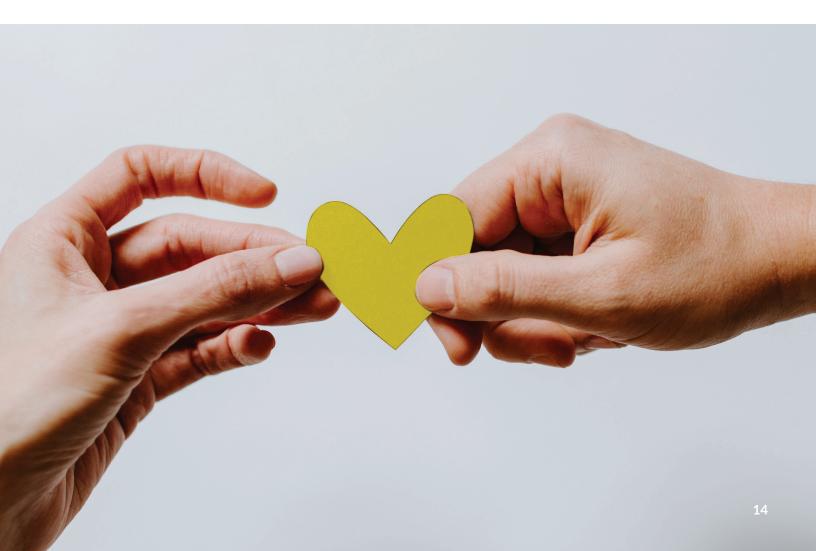
This will involve tasks like entering data into the correct categories and regularly running deduplication functions. Once you have a new system, you will also want to consider how your organization processes may need to be changed to ensure that you are being efficient and effective in your data practices.

Implementing a new DMS is often an opportunity to evaluate the fundraising infrastructure (ie. the behind-the-scenes work that keeps your fundraising program running) and if there is room for improvement.

Conclusion

Data management is a critical element of your fundraising program and one that requires an adequate investment – of time and money – to utilize the most important asset in our industry: data.

A donor management system that meets your organizations' needs and is implemented and maintained properly will give you the power to leverage your data to understand your donors and build stronger donor relationships, increasing your fundraising effectiveness, your team's efficiency, and setting your charity up for success.

About the Authors

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About CanadaHelps DMS

You can learn more about the CanadaHelps Donor Management System at:
www.canadahelps.org/DMS

Or contact us for a free online demo today at:
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Learn more about CanadaHelps and our fundraising solutions for charities at:
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